

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

COMMITTEE OF MANAGEMENT'S CERTIFICATE

We **LEIGHTON DRURY**, and **DARIN SULLIVAN**, being two members of the State Committee of Management of the Fire Brigade Employees' Union of New South Wales, do state on behalf of the Committee, and in accordance with a resolution passed by the Committee that:

- (i) In the opinion of the State Committee of Management, the attached accounts show a true and fair view of the financial affairs of the Union as at 30 June 2017.
- (ii) In the opinion of the State Committee of Management, meetings of the Committee were held during the year ended 30 June 2017 in accordance with the rules of the Union.
- (iii) To the knowledge of any member of the State Committee of Management during the financial year ended 30 June 2017 there have been no instances where records of the Union or other documents (not being documents containing information made available to a member of the Union under Section 512(2) of the Industrial Relations Act, 1991 as applied by sub-section 282(3) of the Industrial Relations Act, 1996), or copies of these records or documents, or copies of the rules of the Union, have not been furnished, or made available to members in accordance with the requirements of the Industrial Relations Act, 1996, the Regulations thereto, or the rules of the Union.
- (iv) The Union has complied with Sub-Sections 517(1) and (5) of the Industrial Relations Act, 1991 in relation to the financial accounts in respect of the year ended 30 June 2017 and the Auditors' Report thereon.



.....
LEIGHTON DRURY
State Secretary



.....
DARIN SULLIVAN
President

30 November 2017

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

ACCOUNTING OFFICER'S CERTIFICATE

I, **LEIGHTON DRURY**, being the Officer responsible for keeping the accounting records of the Fire Brigade Employees' Union of New South Wales, certify that as at 30 June 2017, the number of members of the Union was 6,394.

In my opinion:

- (i) The attached financial report shows a true and fair view of the financial affairs of the Union as at 30 June 2017.
- (ii) A record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Union.
- (iii) Approval for expenditure incurred by the Union was obtained in accordance with the rules of the Union.
- (iv) With regard to funds of the Union raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated.
- (v) All loans or other financial benefits granted to persons holding office in the Union were authorised in accordance with the rules of the Union.
- (vi) The register of members of the Union was maintained in accordance with the Industrial Relations Act, 1996.



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LEIGHTON DRURY
State Secretary

30 November 2017

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
		\$	Restated \$
INCOME			
Contributions		2,669,965	2,568,115
Investment income		101,315	-
Gain on sale of assets		1,447	-
Interest income		85,008	115,874
Sundry income		916	4,398
Rental income		173,709	-
TOTAL INCOME		<u>3,032,360</u>	<u>2,688,387</u>
EXPENDITURE			
Depreciation			
Buildings		215,385	207,681
Computer equipment		13,055	20,859
Motor vehicles		9,145	9,182
Office furniture and equipment		29,717	39,049
		<u>267,302</u>	<u>276,771</u>
Employee Benefits Expense			
Accrued annual leave – increase/(decrease) in provision		6,545	(107,456)
Fringe benefits tax		6,828	6,830
Long service leave – increase/(decrease) in provision		63,927	(40,107)
Payroll tax		28,043	32,458
Salaries and allowances - officials		181,398	102,461
Salaries and allowances - other staff		945,893	1,002,149
Superannuation		102,592	140,060
		<u>1,335,226</u>	<u>1,136,395</u>
Other Expenses			
Affiliation fees		27,088	28,560
Awards, transcripts and publications		3,542	3,790
Bank charges		1,276	1,011
Computer expenses		3,478	8,821
Contributions part time refunds		1,245	2,472
Donations and presentations		6,580	6,760
General office expenses		5,546	7,375
Insurance		20,020	25,172
Investment management fees		3,930	-
Meeting expenses		14,458	25,675
Staff travel & accommodation expenses		7,446	6,451
Member mortality and assistance payments		11,000	12,000
<i>Carried Forward</i>		<u>105,609</u>	<u>128,087</u>

The accompanying notes form part of the financial report.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

	Note	2017 \$	2016 Restated \$
<i>Brought Forward</i>		105,609	128,087
Membership medals		-	69,818
Motor vehicle expenses		6,105	5,111
Office expenses - Orange		-	897
Office expenses - Temora		21,057	18,848
Stamp duty		1,937	1,005
State Committee allowances and expenses		135,729	132,054
Postage		7,492	7,046
Printing and stationery		8,800	13,643
Professional services	6	74,924	130,151
Promotional materials		7,804	19,745
Property expenses	6	84,064	69,122
Telephone and external communications		22,207	21,339
Training		1,530	1,249
Loss on disposal of assets		12,938	-
		<u>490,196</u>	<u>618,115</u>
TOTAL EXPENDITURE		<u>2,092,724</u>	<u>2,031,281</u>
SURPLUS FOR YEAR		<u>939,636</u>	<u>657,106</u>
OTHER COMPREHENSIVE INCOME			
Net unrealised gain on revaluation of long term investments held at fair value and net of realised gain on disposal of investments		35,582	-
		<u>35,582</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>975,218</u>	<u>657,106</u>
NET SURPLUS FOR YEAR – GENERAL FUND		<u>975,218</u>	<u>657,106</u>

The accompanying notes form part of the financial report.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017	2016 Restated	1 July 2015 Restated
		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents				
Cash at bank - working fund		115,575	229,518	272,615
Cash on hand		950	950	950
		<hr/>	<hr/>	<hr/>
		116,525	230,468	273,565
Receivables				
Accrued rental income		16,824	-	7,639
Prepayments		9,240	9,240	11,307
Sundry deposits		2,862	2,740	2,740
		<hr/>	<hr/>	<hr/>
		28,926	11,980	21,686
Term Deposits				
Members Equity Business Direct Savings Account		150,704	5,129,720	1,1016
Members Equity Term Deposit		3,200,000	-	4,296,219
		<hr/>	<hr/>	<hr/>
		3,350,704	5,129,720	4,297,235
TOTAL CURRENT ASSETS				
		<hr/>	<hr/>	<hr/>
		3,496,155	5,372,168	4,592,486
NON CURRENT ASSETS				
Property, Plant and Equipment				
Property	4(a)	3,650,324	3,446,236	3,653,917
Computer equipment	4(b)	2,468	15,590	36,449
Motor vehicles	4(c)	47,727	39,969	49,151
Office furniture and equipment	4(d)	35,621	60,238	98,852
		<hr/>	<hr/>	<hr/>
		3,736,140	3,562,033	3,838,369
Financial Assets				
Australia ethical investment		1,040,568	-	-
Industry fund portfolio investment		1,070,840	-	-
Third link growth investment		625,489	-	-
		<hr/>	<hr/>	<hr/>
		2,736,897	-	-
TOTAL NON CURRENT ASSETS				
		<hr/>	<hr/>	<hr/>
		6,473,037	3,562,033	3,838,369
TOTAL ASSETS				
		<hr/>	<hr/>	<hr/>
		9,969,192	8,934,201	8,430,855

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (Cont'd)**

	2017	2016 Restated	1 July 2015 Restated
	\$	\$	\$
LIABILITIES			
CURRENT LIABILITIES			
Payables			
Sundry creditors	139,511	150,210	156,407
	<u>139,511</u>	<u>150,210</u>	<u>156,407</u>
Employee Entitlements			
Employee entitlements for annual leave	179,310	172,765	280,221
Employee entitlements for long service leave	320,448	250,726	284,733
	<u>499,758</u>	<u>423,491</u>	<u>564,954</u>
TOTAL CURRENT LIABILITIES	<u>639,269</u>	<u>573,701</u>	<u>721,361</u>
NON CURRENT LIABILITIES			
Employee Entitlements			
Employee entitlements for long service leave	-	5,796	11,896
TOTAL NON CURRENT LIABILITIES	<u>-</u>	<u>5,796</u>	<u>11,896</u>
TOTAL LIABILITIES	<u>639,269</u>	<u>579,497</u>	<u>733,257</u>
NET ASSETS	<u>9,329,923</u>	<u>8,354,704</u>	<u>7,697,598</u>
FUNDS			
General fund	9,294,341	8,354,705	7,697,598
Asset revaluation reserve	35,582	-	-
TOTAL FUNDS	<u>9,329,923</u>	<u>8,354,705</u>	<u>7,697,598</u>

The accompanying notes form part of the financial report.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2017

	General Fund \$	Asset Revaluation Reserve \$	Total Accumulated Funds \$
Balance at 1 July 2015	7,827,677	-	7,827,677
Adjustment on error correction	<u>(130,079)</u>	<u>-</u>	<u>(130,079)</u>
Balance at 1 July 2015	<u>7,697,598</u>	<u>-</u>	<u>7,697,598</u>
Surplus for the Year	675,468	-	675,468
Adjustment on error correction	<u>(18,362)</u>	<u>-</u>	<u>(18,362)</u>
Restated surplus for the year	<u>657,106</u>	<u>-</u>	<u>657,106</u>
Balance at 30 June 2016	<u>8,354,705</u>	<u>-</u>	<u>8,354,705</u>
Total Comprehensive Income for the Year	939,636	35,582	975,218
Balance at 30 June 2017	<u>9,294,341</u>	<u>35,582</u>	<u>9,329,923</u>

The accompanying notes form part of the financial report.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members		2,936,962	2,824,927
Receipts from rental		156,885	-
Payments to suppliers and employees		(2,019,715)	(2,162,240)
Interest received		85,008	123,515
Other receipts		<u>794</u>	<u>3,621</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	7(b)	<u>1,159,934</u>	<u>789,823</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		9,754	-
Payments for property, plant and equipment		(462,647)	(435)
Proceeds from investment term deposits		1,779,016	-
Payment for Investments		<u>(2,600,000)</u>	<u>(832,485)</u>
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(1,273,877)</u>	<u>(832,920)</u>
NET (DECREASE) IN CASH		(113,943)	(43,097)
Cash at beginning of year		<u>230,468</u>	<u>273,565</u>
CASH AT END OF YEAR	7(a)	<u>116,525</u>	<u>230,468</u>

The accompanying notes form part of the financial report.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the New South Wales Industrial Relations Act, 1996.

BASIS OF PREPARATION

The financial report is for the entity Fire Brigade Employees' Union of New South Wales, as an individual entity. The Fire Brigade Employees' Union of New South Wales is an organisation registered under the New South Wales Industrial Relations Act, 1996. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union is not subject to the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the economic entity in the preparation of the financial statements.

(a) Accounting Standards Issued But Not Yet Effective

There have been no accounting standards issued which will have a financial impact on the financial report in future periods and which are not yet effective.

(b) Early adoption of accounting standard

The Union has early adopted the following new Australian Accounting Standard issued by the AASB. Disclosures required by the standard that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

AASB 9 Financial Instruments

The Union have elected to early adopt AASB 9 Financial Instruments from 1 July 2016. This new standard has been adopted as it includes requirements for the classification and measurement of financial assets which improve and simplify the approach when compared with the requirements of the previous Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement.

Financial Instruments Note 1(i) has been updated to reflect this change.

(c) Revenue

Contributions from members are accounted for on a cash receipts basis. Interest is recognised on an accrual basis. Otherwise, the concept of accruals accounting has been adopted in the preparation of the financial statements.

(d) Income Tax

No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50 - 15 of the Income Tax Assessment Act 1997.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any impairment in value.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the union commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Buildings	2.5% - 7.5%
Computers	25%
Office Furniture and Equipment	10% - 20%
Motor Vehicles	15%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of profit or loss and other comprehensive income in the year that the item is derecognised.

(f) Impairment

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the statement of profit or loss and other comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing value in use of assets not held primarily to generate cash, this represents depreciated current replacement cost, as the Union is a not-for-profit organisation.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST.

(h) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Employee Benefits (Cont'd)

The union's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Union presents employee benefit obligations as current liabilities in the statement of financial position if the Union does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place

Contributions are made by the Union to employee superannuation funds and are charged as expenses when incurred.

(i) Financial Instruments

The Union has elected to early adopt AASB 9 Financial Instruments. This new standard has been adopted as it includes requirements for the classification and measurement of financial assets which improve and simplify the approach when compared with the requirements of the previous Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement.

When adopting this standard, the Union investments have been designated as "financial assets at fair value through other comprehensive income" in accordance with AASB9. All gains and losses on investments are presented in other comprehensive income as part of the statement of profit or loss and other comprehensive income. Under AASB 9, there is no recycling of the realised gains and losses to the income statement as was previously required by AASB 139. There is also no requirement to test Union's long-term investments for impairment, with the result that there is no transfer of unrealised impairment revaluation charge from the investment revaluation reserve to the statement of income and expenditure.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

i. Financial assets measured at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. Such impairment losses are recognised in the income statement.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Financial Instruments (Cont'd)

ii. *Financial assets at fair value*

Following the early adoption of AASB 9, all investments form part of the Union's investment portfolio and have been classified as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income include investments in the Union's investment portfolio. Financial assets at fair value through other comprehensive income are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity (into the asset revaluation reserve).

Realised gains or losses on the sale of investments are also shown in the asset revaluation/realisation reserve.

iii. *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instruments has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(j) Correction to prior period balances

During the period, the union identified that leave provisions related to annual leave and long service leave for the period ending 30 June 2015 and 2016 had been incorrectly accounted for years ended 2015 and 2016 respectively. The effect of the above has been detailed below;

For the year ended 30 June 2015 the understatement of long service leave was \$130,079.
The impact of the overstatement on profit is \$130,079

For the year ended 30 June 2016 the overstatement of long service leave was \$105,708.
The impact of the understatement on profit is \$105,708

For the year ended 30 June 2016 the understatement of annual leave was \$42,732.
The impact of the overstatement on profit is \$42,732.

The remaining balance sheet accounts are not affected by the above corrections.

This error has been rectified by restating each of the affected financial statement line items for the prior period as follows:

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Correction to prior period balances continued.

Statement of financial position (extract)

	30 June 2016			30 June 2015		
	Previous Amount	Adjustment	Restated Amount	Previous Amount	Adjustment	Restated Amount
Annual Leave	(130,033)	(42,732)	(172,765)	(280,221)	-	(280,221)
Long Service Leave- Current	(133,678)	(117,048)	(250,726)	(129,863)	(154,870)	(284,733)
Long service leave – non current	(17,135)	11,339	(5,796)	(36,687)	24,791	(11,896)
Net assets	8,503,145	(148,440)	8,354,705	7,827,677	(130,079)	7,697,598
Accumulated Funds	8,503,145	(148,440)	8,354,705	7,827,677	(130,079)	7,697,598
Total Funds	8,503,145	(148,440)	8,354,705	7,827,677	(130,079)	7,697,598

Statement of profit or loss and other comprehensive (extract)

	30 June 2016		
	Previous Amount	Adjustment	Restated Amount
Accrued Annual leave – Increase/(decrease) in provision	(150,188)	42,732	(107,456)
Long leave – Increase/(decrease) in provision	(15,737)	(24,370)	(40,170)
Total Employee Expenses	1,118,033	18,362	1,136,395
Total Expenses	2,012,919	18,362	2,031,281
Surplus for the year	675,468	(18,362)	657,106
Total comprehensive for the year	675,468	(18,362)	657,106

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Industrial Relations Act, 1991, (NSW) the attention of members is drawn to the provisions of sub-sections (1) and (2) of section 512 which read as follows:

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation.
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Union makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgments in applying the Union's accounting principles

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long Service Leave

The liability for Long Service Leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Investment portfolio

The Union has an investment portfolio which is maintained on an ongoing basis. The State Committee of Management makes decisions on the allocation of funds in the investment portfolio only after taking advice from an independent asset consultant. The investments held by the Union include long and short term cash deposits and a number of managed funds. Managed fund values are based upon quoted prices.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

	2017	2016
	\$	\$
4. PROPERTY PLANT AND EQUIPMENT		
(a) PROPERTY		
1 to 7 BELMORE STREET		
Land - At Cost	1,113,475	1,113,475
Building - At Cost	4,602,507	4,183,034
Less Accumulated Depreciation - Building	<u>(2,065,658)</u>	<u>(1,850,273)</u>
	<u>3,650,324</u>	<u>3,446,236</u>
(b) COMPUTER EQUIPMENT		
At Cost	166,300	168,120
Less Accumulated Depreciation	<u>(163,832)</u>	<u>(152,530)</u>
	<u>2,468</u>	<u>15,590</u>
(c) MOTOR VEHICLES		
At Cost	61,267	61,201
Less Accumulated Depreciation	<u>(13,540)</u>	<u>(21,232)</u>
	<u>47,727</u>	<u>39,969</u>
(d) OFFICE FURNITURE AND EQUIPMENT		
At Cost	340,701	454,613
Less Accumulated Depreciation	<u>(305,080)</u>	<u>(394,375)</u>
	<u>35,621</u>	<u>60,238</u>
TOTAL PROPERTY PLANT AND EQUIPMENT	<u>3,736,140</u>	<u>3,562,033</u>

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)

4. PROPERTY PLANT AND EQUIPMENT (Cont'd)

	Land	Building	Computer Equipment	Motor Vehicles	Office Furniture and Equipment	Total
Gross carrying amount						
Balance 1 July 2016	1,113,475	4,183,034	168,120	61,201	454,613	5,980,443
Additions	-	419,473	1,481	25,832	23,135	469,921
Disposals	-	-	(3,301)	(25,766)	(137,048)	(166,115)
Balance 30 June 2017	1,113,475	4,602,507	166,300	61,267	340,700	6,284,249
Depreciation						
Balance 1 July 2016	-	1,850,273	152,530	21,232	394,375	2,418,410
Disposals	-	-	(1,753)	(16,837)	(119,013)	(137,603)
Depreciation	-	215,385	13,055	9,145	29,718	267,303
Balance 30 June 2017	-	2,065,658	163,832	13,540	305,080	2,548,110
Carrying amount 30 June 2017	1,113,475	2,536,849	2,468	47,727	35,620	3,736,140
Gross carrying amount						
Balance 1 July 2015	1,113,475	4,183,034	168,120	61,201	454,178	5,980,008
Additions	-	-	-	-	435	435
Disposals	-	-	-	-	-	-
Balance 30 June 2016	1,113,475	4,183,034	168,120	61,201	454,613	5,980,443
Depreciation						
Balance 1 July 2015	-	1,642,592	131,671	12,050	355,326	2,141,639
Disposals	-	-	-	-	-	-
Depreciation	-	207,681	20,859	9,182	39,049	276,771
Balance 30 June 2016	1,113,475	1,850,273	152,530	21,232	394,375	2,418,410
Carrying amount 30 June 2016	1,113,475	2,332,761	15,590	39,969	60,238	3,562,033

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

5. FINANCIAL ASSETS

Fair value measurement of financial assets

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2017 and 30 June 2016.

	Level 1	Level 2	Level 3	TOTAL
30 June 2017				
Financial Assets				
The units invested in managed funds have a value of:	2,736,897	-	-	2,736,897
Net Fair Value	2,736,897	-	-	2,736,897
30 June 2016				
Financial Assets				
The units invested in managed funds have a value of:	-	-	-	-
Net Fair Value	-	-	-	-

There were no transfers between Level 1 and Level 2 in 2017 and 2016

2017	2016
\$	\$

6. PROFESSIONAL SERVICES

Audit Fees	25,790	22,050
Legal Fees	-	17,490
Media Consultancy Fees	30,084	30,719
Computers Consultancy Fees	19,050	10,640
Financial planning	-	49,252
	<u>74,924</u>	<u>130,151</u>

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

	2017	2016
	\$	\$
6. PROPERTY EXPENSES		
Development	26,440	-
Electricity and gas	8,586	17,346
Office cleaning expenses	16,698	32,802
Property management	14,192	-
Rates - water	1,533	2,125
Rates - municipal	11,612	11,234
Repairs and maintenance	5,003	5,615
	<u>84,064</u>	<u>69,122</u>

7. (a) CASH FLOW INFORMATION

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.

Cash at the end of the year is shown in the statement of financial position as:

Cash on hand	950	950
Cash at bank - working fund	<u>115,575</u>	<u>229,518</u>
	<u>116,525</u>	<u>230,468</u>

(b) Reconciliation of cash flow from operations with operating result	2017	2016
		Restated
Surplus	939,636	657,106
Non-Cash Flows in Net Surplus		
Depreciation	267,303	276,771
Loss on disposal of assets	(11,491)	-
Payments for investments	(99,739)	-
Changes in Assets and Liabilities		
Increase/(decrease) in employee entitlements	70,472	(147,563)
Decrease in accrued interest	-	7,639
(Increase) in accrued revenue	(16,824)	-
(Increase)/(decrease) in prepayments	(122)	2,067
Increase/(decrease) in sundry creditors	10,699	(6,197)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,159,934</u>	<u>789,823</u>

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)

8. FINANCIAL RISK MANAGEMENT

(a) *General objectives, policies and processes*

The Union is exposed to risks that arise from its use of financial instruments. This note describes the union's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Union's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Union's financial instruments consist mainly of deposits with banks and payables. The main risks the union is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The committee of management has overall responsibility for the determination of the union's risk management objectives and policies and whilst retaining ultimate responsibility for them, the committee of management makes investment decisions after considering appropriate advice.

(b) *Credit Risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the union.

There is no concentration of credit risk with respect to current and non-current receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2017	2016
	\$	\$
Cash at bank working fund	115,575	229,518
Members equity business direct savings account	150,704	5,129,720
Members equity term deposit	<u>3,200,000</u>	<u>-</u>
	<u>3,466,279</u>	<u>5,359,238</u>

The cash and cash equivalents are held in high quality Australian financial institutions.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

8. FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity Risk

Liquidity risk is the risk that the Union may encounter difficulties raising funds to meet commitments associated with financial liabilities.

The Union is not significantly exposed to this risk, as at 30 June 2017 it had \$3,466,279 (2016: \$5,359,238) of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 June 2017 totalled \$139,511 (2016: \$150,210).

(d) Market Risk

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(e) Interest Rate Risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

30 June 2017	Floating interest rate	Non interest bearing	Total
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents	115,575	950	116,525
Investments	-	2,736,897	2,736,897
Term Deposits	3,350,704	-	3,350,704
Sundry Debtors	-	28,926	28,926
	<u>3,466,279</u>	<u>2,766,773</u>	<u>6,233,052</u>
Weighted average interest rate	2.56%		
Financial Liabilities			
Payables	-	139,511	139,511
	<u>-</u>	<u>139,511</u>	<u>139,511</u>
Net Financial Assets	<u>3,466,279</u>	<u>2,627,262</u>	<u>6,093,541</u>

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

8. FINANCIAL RISK MANAGEMENT (Cont'd)

30 June 2016	Floating interest rate	Non interest bearing	Total
	\$	\$	\$
Financial Assets			
Cash and Cash Equivalents	229,518	950	230,468
Term Deposits	5,129,720	-	5,129,720
Sundry Debtors	-	11,980	11,980
	<u>5,359,238</u>	<u>12,930</u>	<u>5,372,168</u>
Weighted average interest rate	2.64%		
Financial Liabilities			
Payables	-	150,210	150,210
	<u>-</u>	<u>150,210</u>	<u>150,210</u>
Net Financial Assets/(Liabilities)	<u>5,359,238</u>	<u>(137,280)</u>	<u>5,221,958</u>

Sensitivity Analysis

2017	Carrying Amount	+1% (100 Basis Points) Profit	-1% (100 Basis Points) Loss
	\$	\$	\$
Cash and Term Deposits	3,466,279	34,662	(34,662)

2016	Carrying Amount	+1% (100 Basis Points) Profit	-1% (100 Basis Points) Loss
	\$	\$	\$
Cash and Term Deposits	5,359,238	53,592	(53,592)

(f) Other Price Risks

The Union does not invest in shares or derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market.

(g) Foreign Exchange Risk

The Union is not directly exposed to foreign exchange rate risk.

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

9. SUPERANNUATION

All employees of the Union are entitled to benefits from a superannuation plan on retirement, disability or death. The Union participated in a defined contribution plan. The benefits provided under this plan are based on accumulated contributions and earnings for each employee. The Union's liability is limited to paying the contributions to the plan.

10. RELATED PARTIES

- (a) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the statement of comprehensive income under Salaries and Allowances - Officials.
- (b) The aggregate amount paid during the financial period to a superannuation plan in respect of elected full time officers was \$15,330 (2016: \$16,874).
- (c) There have been no other transactions between officers and the Union other than those relating to their membership of the Union and the reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

11. COMMITMENTS AND CONTINGENT LIABILITY

In 2015, the State Committee of Management and general meeting of members of the New South Wales Fire Brigade Employees' Union resolved to provide financial support in the event the United Firefighters Union of Australia's NSW Branch is unable to meet a debt that is ordered by a court of competent jurisdiction to be paid as necessary to comply with the order.

12. KEY MANAGEMENT PERSONNEL (OFFICERS) REMUNERATION FOR THE PERIOD

	2017 \$	2016 \$
Short-term employee benefits		
Salary (not including termination payout)	132,891	102,461
Annual leave (not including termination payout)	17,010	1,272
Total short-term employee benefits	149,901	103,733
Post-employment benefits:		
Superannuation (not including termination payout)	15,330	16,874
Total post-employment benefits	15,330	16,874
Other long-term benefits:		
Long-service leave (not including termination payout)	-	331
Total other long-term benefits	-	331
Termination Payments	31,496	-
Total	196,727	120,938

FIRE BRIGADE EMPLOYEES' UNION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017 (Cont'd)**

13. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

14. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

When managing capital, the Union's objective is to ensure that the organisation continues as a going concern as well as to maintain optimal benefits for members.

15. ADDITIONAL INFORMATION

The registered office and principal place of business of the Union is:

1-7 Belmore Street
Surry Hills, NSW 2011

Level 17, 383 Kent Street
Sydney NSW 2000

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W www.grantthornton.com.au

Independent Auditor's Report To the Members of Fire Brigade Employees' Union of New South Wales

Report on the audit of the financial report

Opinion

We have audited the financial report of Fire Brigade Employees' Union of New South Wales (the Union), which comprises the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and the statement by the Committee of Management.

In our opinion, the accompanying financial report of Fire Brigade Employees' Union of New South Wales:

- a presents fairly, in all material respects, the entity's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1; and
- b is prepared in accordance with Section 510 of the Industrial Relations Act 1991 (NSW) as applied by Section 282 (3) or the Industrial Relations Act 1996, to the extent described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of the Committee of Management for the Financial Report

The Committee of Management of the Union responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Industrial Relations Act 1996. This responsibility includes such internal controls as the Committee of Management determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

The Committee of Management are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A L Spowart
Partner - Audit & Assurance

Sydney, 30 November 2017